

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Lam Soon (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Sales of goods are significant accounting transactions as they represent material amounts in the financial statements and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as traditional trade customers, modern trade customers and overseas customers, pertaining to matters such as sale promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 11.2 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

The fair value measurement of biological assets - palm fruit on trees

As disclosed in Note 4.11 and Note 10 to the financial statements, the subsidiary records biological assets - palm fruit on trees at their fair value less point of harvest cost to sell. The measurement of fair value of biological assets - palm fruit on trees requires the estimating data and assumptions consisting of the estimated harvesting volume and selling price at each point of harvest, considering that they are appropriate and correspond to the nature and circumstances of the biological asset being measured, based on the exercise of the judgement of an internal agriculture expert and management as to the basis and assumptions relevant to the estimations. There may be a risk with respect to the value of biological assets. Thus, I have focused my audit on the fair value measurement of biological assets - palm fruit on trees.

In order to audit this matter, I gained an understanding of, assessed and tested controls of the Group related to the fair value estimation of the biological assets, considered the estimating data preparation, assumptions defining and the valuation method applied by management of the Group. I assessed the estimating data and assumptions used in the valuation by making enquiries of the internal agriculture expert and management, comparing the data used by the Group with historical data, and testing the calculation. Moreover, I reviewed the disclosure made in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

S. Ratananurak

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 22 February 2019

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
Current assets					
Cash and cash equivalents	7	197,382,396	414,143,448	123,132,668	143,989,247
Trade and other receivables	6, 8	882,371,771	1,105,297,877	751,467,141	956,093,207
Short-term loans to related parties	6	-	-	-	-
Inventories	9	1,079,191,775	1,452,461,603	579,145,263	922,674,753
Biological assets	10	118,519,826	70,616,396	-	-
Other current assets		38,904,870	35,673,875	9,992,998	9,063,835
Total current assets		2,316,370,638	3,078,193,199	1,463,738,070	2,031,821,042
Non-current assets					
Investments in subsidiaries	11	-	-	1,333,966,824	1,312,870,944
Investment in joint venture	12	38,601,652	31,594,398	-	-
Investment in associated company	13	-	-	-	-
Other long-term investments	14	23,425	1,001,790	23,425	1,001,790
Long-term loans to other companies	15	20,240,000	21,160,000	-	-
Investment properties	16	63,029,305	63,690,592	5,614,752	5,614,752
Property, plant and equipment	17	2,240,354,272	2,350,500,070	745,985,163	813,875,098
Bearer plants	18	213,389,162	230,930,888	189,235	201,000
Goodwill	11	196,376,189	196,376,189	-	-
Intangible assets	19	7,846,265	10,283,172	4,590,632	5,443,899
Deferred tax assets	28	51,214,460	52,013,501	17,297,064	17,941,794
Other non-current assets		5,297,647	4,536,128	404,930	485,236
Total non-current assets		2,836,372,377	2,962,086,728	2,108,072,025	2,157,434,513
Total assets		5,152,743,015	6,040,279,927	3,571,810,095	4,189,255,555

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	450,000,000	1,480,000,000	-	570,000,000
Trade and other payables	6, 21	404,927,022	495,365,164	333,599,235	472,608,013
Current portion of long-term loans	23	112,540,000	103,000,000	-	78,000,000
Current portion of liabilities under					
finance lease agreements	24	473,775	573,000	-	-
Income tax payable		46,781,981	27,695,240	25,495,318	14,644,781
Other current liabilities	22	24,964,158	40,521,823	3,574,831	16,849,591
Total current liabilities		1,039,686,936	2,147,155,227	362,669,384	1,152,102,385
Non-current liabilities					
Long-term loans - net of current portion	23	33,266,666	30,513,147	-	18,013,147
Liabilities under finance lease					
agreements - net of current portion	24	-	383,493	-	-
Provision for long-term employee benefits	25	119,151,107	132,338,091	68,011,904	70,805,647
Total non-current liabilities		152,417,773	163,234,731	68,011,904	88,818,794
Total liabilities		1,192,104,709	2,310,389,958	430,681,288	1,240,921,179

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Shareholders' equity					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Issued and fully paid-up					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Share premium		241,970,265	241,970,265	241,970,265	241,970,265
Other surpluses (deficits)					
Premium on treasury stock		5,269,100	5,269,100	5,269,100	5,269,100
Deficit on changes in shareholding in subsidiary		(6,579,077)	(6,579,077)	-	-
Retained earnings					
Appropriated - statutory reserve	26	122,223,881	114,755,441	82,000,000	82,000,000
Unappropriated		2,445,153,625	2,218,553,493	1,991,889,442	1,799,512,318
Other components of shareholders' equity		-	(417,307)	-	(417,307)
Equity attributable to owners of the Company		3,628,037,794	3,393,551,915	3,141,128,807	2,948,334,376
Non-controlling interests of the subsidiaries		332,600,512	336,338,054	-	-
Total shareholders' equity		3,960,638,306	3,729,889,969	3,141,128,807	2,948,334,376
Total liabilities and shareholders' equity		5,152,743,015	6,040,279,927	3,571,810,095	4,189,255,555
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and service income		7,300,494,105	8,551,131,532	5,572,598,929	6,453,622,019
Dividend income	6, 11	315	21,436	84,933,175	34,028,702
Gain from change in fair value of biological assets		39,271,402	-	-	-
Other income	6	71,187,766	87,580,251	98,088,655	95,422,045
Total revenues		7,410,953,588	8,638,733,219	5,755,620,759	6,583,072,766
Expenses					
Cost of sales and service	27	6,072,059,033	7,251,196,781	4,902,556,448	5,794,656,010
Selling ad distribution expenses		620,310,745	640,238,411	357,714,219	391,297,034
Administrative expenses		209,164,663	219,199,361	106,025,734	114,965,611
Loss from impairment of assets		28,536,004	-	-	-
Loss from change in fair value of biological assets		-	8,425,857	-	-
Total expenses		6,930,070,445	8,119,060,410	5,366,296,401	6,300,918,655
Profit before share of gain (loss) from investment in joint venture, finance cost and income tax expenses		480,883,143	519,672,809	389,324,358	282,154,111
Share of gain (loss) from investment in joint venture	12	9,507,253	(10,191,713)	-	-
Profit before finance cost and income tax expenses		490,390,396	509,481,096	389,324,358	282,154,111
Finance cost		(22,659,265)	(39,719,708)	(6,756,823)	(16,470,069)
Profit before income tax expenses		467,731,131	469,761,388	382,567,535	265,684,042
Income tax expenses	28	(79,407,827)	(68,968,741)	(42,670,068)	(25,234,662)
Profit for the year		388,323,304	400,792,647	339,897,467	240,449,380

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on changes in value of available-for-sale investments		521,635	327,567	521,635	327,567
Less: Income tax effect	28	(104,328)	(65,514)	(104,328)	(65,514)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		417,307	262,053	417,307	262,053
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(83,974,889)	-	(49,848,505)
Income tax effect	28	-	16,794,977	-	9,969,701
Share of other comprehensive income of investment in joint venture - actuarial gain	12	-	182,730	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(66,997,182)	-	(39,878,804)
Other comprehensive income for the year		417,307	(66,735,129)	417,307	(39,616,751)
Total comprehensive income for the year		388,740,611	334,057,518	340,314,774	200,832,629
Profit attributable to:					
Equity holders of the Company		381,677,475	404,105,686	339,897,467	240,449,380
Non-controlling interests of the subsidiaries		6,645,829	(3,313,039)		
		388,323,304	400,792,647		
Total comprehensive income attributable to:					
Equity holders of the Company		382,094,782	341,899,764	340,314,774	200,832,629
Non-controlling interests of the subsidiaries		6,645,829	(7,842,246)		
		388,740,611	334,057,518		
Basic earnings per share					
	30				
Profit attributable to equity holders of the Company		0.47	0.49	0.41	0.29

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements															
Equity attributable to the owners of the Company															
											Other components of equity				
											Other comprehensive income				
											Surplus (deficit)	Equity			
											on changes	Total other	Total equity	attributable to	Total
											in value of	components of	attributable to	non-controlling	shareholders'
											available-for-sale	shareholders'	shareholders of	interests of	shareholders'
											investments	equity	the Company	the subsidiaries	equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on changes in shareholding in subsidiary	Retained earnings						Equity	Total			
					Appropriated - statutory reserve	Unappropriated					attributable to the Company	the subsidiaries	shareholders' equity		
Balance as at 1 January 2017	820,000,000	241,970,265	5,269,100	(6,579,077)	107,472,798	1,966,151,096	(679,360)	(679,360)	3,133,604,822	358,693,861	3,492,298,683				
Profit for the year	-	-	-	-	-	404,105,686	-	-	404,105,686	(3,313,039)	400,792,647				
Other comprehensive income for the year	-	-	-	-	-	(62,467,975)	262,053	262,053	(62,205,922)	(4,529,207)	(66,735,129)				
Total comprehensive income for the year	-	-	-	-	-	341,637,711	262,053	262,053	341,899,764	(7,842,246)	334,057,518				
Dividend paid	33	-	-	-	-	(82,000,000)	-	-	(82,000,000)	-	(82,000,000)				
Reversal of prior year dividend	-	-	-	-	-	133,686	-	-	133,686	-	133,686				
Appropriation of statutory reserve of subsidiary	-	-	-	-	7,282,643	(7,369,000)	-	-	(86,357)	86,357	-				
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(14,599,918)	(14,599,918)				
Balance as at 31 December 2017	820,000,000	241,970,265	5,269,100	(6,579,077)	114,755,441	2,218,553,493	(417,307)	(417,307)	3,393,551,915	336,338,054	3,729,889,969				

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Note	Equity attributable to the owners of the Company				Other components of equity			Equity			
		Issued and paid up share capital	Share premium	Premium on treasury stock	Deficit on changes in shareholding in subsidiary	Retained earnings	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
					Appropriated - statutory reserve	Unappropriated						
Balance as at 1 January 2018		820,000,000	241,970,265	5,269,100	(6,579,077)	114,755,441	2,218,553,493	(417,307)	(417,307)	3,393,551,915	336,338,054	3,729,889,969
Profit for the year		-	-	-	-	-	381,677,475	-	-	381,677,475	6,645,829	388,323,304
Other comprehensive income for the year		-	-	-	-	-	-	417,307	417,307	417,307	-	417,307
Total comprehensive income for the year		-	-	-	-	-	381,677,475	417,307	417,307	382,094,782	6,645,829	388,740,611
Dividend paid	33	-	-	-	-	-	(147,600,000)	-	-	(147,600,000)	-	(147,600,000)
Reversal of prior year dividend		-	-	-	-	-	79,657	-	-	79,657	-	79,657
Appropriation of statutory reserve of subsidiary		-	-	-	-	7,468,440	(7,557,000)	-	-	(88,560)	88,560	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	-	-	(10,471,931)	(10,471,931)
Balance as at 31 December 2018		820,000,000	241,970,265	5,269,100	(6,579,077)	122,223,881	2,445,153,625	-	-	3,628,037,794	332,600,512	3,960,638,306

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements									
						Other components of equity			
						Other comprehensive income			
						Surplus (deficit) on changes in value of available-for-sale investments		Total other components of shareholders' equity	Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings					
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2017	820,000,000	241,970,265	5,269,100	82,000,000	1,680,808,056	(679,360)	(679,360)	2,829,368,061	
Profit for the year	-	-	-	-	240,449,380	-	-	240,449,380	
Other comprehensive income for the year	-	-	-	-	(39,878,804)	262,053	262,053	(39,616,751)	
Total comprehensive income for the year	-	-	-	-	200,570,576	262,053	262,053	200,832,629	
Dividend paid	33	-	-	-	(82,000,000)	-	-	(82,000,000)	
Reversal of prior year dividend		-	-	-	133,686	-	-	133,686	
Balance as at 31 December 2017	<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,799,512,318</u>	<u>(417,307)</u>	<u>(417,307)</u>	<u>2,948,334,376</u>	

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements									
						Other components of equity			
						Other comprehensive income			
						Surplus (deficit) on changes in value of available-for-sale investments		Total other components of shareholders' equity	Total shareholders' equity
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings					
				Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2018	820,000,000	241,970,265	5,269,100	82,000,000	1,799,512,318	(417,307)	(417,307)	2,948,334,376	
Profit for the year	-	-	-	-	339,897,467	-	-	339,897,467	
Other comprehensive income for the year	-	-	-	-	-	417,307	417,307	417,307	
Total comprehensive income for the year	-	-	-	-	339,897,467	417,307	417,307	340,314,774	
Dividend paid	33	-	-	-	(147,600,000)	-	-	(147,600,000)	
Reversal of prior year dividend		-	-	-	79,657	-	-	79,657	
Balance as at 31 December 2018	<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>1,991,889,442</u>	<u>-</u>	<u>-</u>	<u>3,141,128,807</u>	

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	467,731,131	469,761,388	382,567,535	265,684,042
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	233,488,794	240,992,536	96,527,362	96,207,808
Loss (gain) from change in fair value of biological assets	(39,271,402)	8,425,857	-	-
Share of loss from investment in joint venture	(9,507,253)	10,191,713	-	-
Increase (decrease) in allowance for doubtful accounts	561,250	(1,047,896)	(23,814)	398,150
Decrease in allowance for diminution in inventory value	(1,486,406)	(15,202,193)	-	(138,977)
Reversal of allowance for impairment loss of investment in subsidiary	-	-	(21,095,880)	-
Increase in allowance for impairment of assets	28,536,004	29,704	-	29,704
Increase in allowance for impairment of intangible assets	-	393,917	-	393,917
Loss on disposals of other long-term investment	492,539	210,059	492,539	210,059
Gain on disposals/write-off of equipment and investment properties	(2,242,278)	(21,197,201)	(1,123,321)	(3,852,109)
Loss on write-off of bearer plants	860,757	112,799	-	-
Unrealised loss (gain) on exchange	328,169	150,455	299,734	(77,306)
Provision for long-term employee benefits	14,060,920	15,828,960	6,937,210	10,228,251
Dividend income from subsidiaries	-	-	(84,932,860)	(34,007,267)
Dividend income from other companies	(315)	(21,436)	(315)	(21,436)
Interest expenses	20,259,502	36,902,813	5,220,454	14,950,003
Profit from operating activities before changes in operating assets and liabilities	713,811,412	745,531,475	384,868,644	350,004,839
Decrease (increase) in operating assets				
Trade and other receivables	222,036,724	(193,008,733)	204,350,146	(171,554,651)
Inventories	374,756,234	(11,368,481)	343,529,490	(7,367,552)
Biological assets	(8,632,028)	4,504,517	-	-
Other current assets	(750,240)	983,873	(929,163)	4,913,708
Other non-current assets	(761,519)	(1,655,821)	80,306	-
Increase (decrease) in operating liabilities				
Trade and other payables	(87,620,930)	(35,781,899)	(137,003,966)	(2,672,006)
Other current liabilities	(15,547,485)	15,394,533	(13,264,580)	8,960,712
Provision for long-term employee benefits	(27,247,904)	(23,943,093)	(9,730,953)	(14,202,739)
Cash from operating activities	1,170,044,264	500,656,371	771,899,924	168,082,311
Cash paid for interest expenses	(20,721,783)	(36,591,597)	(5,588,038)	(14,582,419)
Income tax refund	2,065,129	4,585,145	-	-
Cash paid for corporate income tax	(64,172,257)	(95,424,798)	(31,279,129)	(17,199,712)
Net cash from operating activities	1,087,215,353	373,225,121	735,032,757	136,300,180

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Dividend received from subsidiaries	-	-	84,932,860	34,007,267
Dividend received from joint venture	2,499,999	750,000	-	-
Dividend received from other companies	315	21,436	315	21,436
Decrease in long-term loans to other companies	920,000	39,320,000	-	-
Acquisitions of property, plant and equipment	(122,838,345)	(136,608,209)	(33,634,918)	(40,635,188)
Advance payments for plant and equipment	(50,000)	(1,002,800)	-	-
Proceed from disposals of other long-term investments	1,007,461	764,941	1,007,461	764,941
Proceeds from disposals of equipment	7,413,617	22,240,929	5,442,606	4,177,080
Increase in bearer plants	(16,455,104)	(25,413,392)	-	-
Increase in intangible assets	(282,695)	(4,520,268)	(93,990)	(1,421,583)
Net cash from (used in) investing activities	(127,784,752)	(104,447,363)	57,654,334	(3,086,047)
Cash flows from financing activities				
Decreases in short-term loans from financial institutions	(1,030,000,000)	(75,000,000)	(570,000,000)	40,000,000
Repayment of liabilities under finance lease agreements	(482,718)	(449,490)	-	-
Cash received from long-term loans	200,000,000	-	-	-
Repayment of long-term loans	(187,706,481)	(103,000,000)	(96,013,147)	(78,000,000)
Dividend paid	(158,002,454)	(96,570,228)	(147,530,523)	(81,970,310)
Net cash used in financing activities	(1,176,191,653)	(275,019,718)	(813,543,670)	(119,970,310)
Net increase (decrease) in cash and cash equivalents	(216,761,052)	(6,241,960)	(20,856,579)	13,243,823
Cash and cash equivalents at beginning of the year	414,143,448	420,385,408	143,989,247	130,745,424
Cash and cash equivalents at end of the year (Note 7)	197,382,396	414,143,448	123,132,668	143,989,247

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment that have not been paid	6,788,478	9,143,446	1,433,186	3,070,414
Transfer of deposits for equipment to equipment	-	26,350,127	-	-
Dividend payable	69,477	3,682,863	69,477	590,435

The accompanying notes are an integral part of the financial statements.

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2018

1. General information

Lam Soon (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Lam Soon Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of palm oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Bangna Nuea, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.83	98.83
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
<u>Subsidiaries held by Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	100	100

The frozen vegetable and fruit manufacturing business, which is operated by Union Frost Company Limited (“the subsidiary”), ceased production and laid off most of its employees. At the present, the subsidiary provides the rental of frozen room and managements are in the process of preparing appropriate business plan.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same reporting period and the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of the revised financial reporting standards and interpretations does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of the revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, there are changes in key principles of the new financial reporting standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the related accounting standards together with related Interpretations as follows:

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

Revenue

The Company has determined that revenue from which the Company is agent to satisfy a performance obligation should be recognised as revenue in the amount of consideration that the entity retains after paying the other the consideration received in exchange for the goods or services to be provided by that party. Under the previous accounting policy, the Company recognises revenue in the gross amount.

Promotion expenses

The Company and its subsidiaries have determined that certain promotion expenses which are considered as variable consideration will be recorded as deduction from sales. Under the previous accounting policy, the Company and its subsidiaries recognise such promotion expenses as selling expenses.

(c) Thai Financial Reporting Standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Service income

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividend is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and other accounts receivable

Trade accounts receivable and other accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all cost of raw materials, labour and factory overheads.

Raw materials, chemicals, packing materials, spare parts and factory supplies are valued at the lower of cost (Moving average method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

4.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows:

Building	-	20 and 30	years
Building improvement	-	5 - 25	years
Waste water treatment	-	15 and 30	years
Machinery, factory and agricultural equipment	-	5 - 20	years
Furniture, fixtures and office equipment	-	5 - 20	years
Motor vehicles	-	5 - 15	years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and assets under construction and installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Forest land rights and bearer plants and amortisation

Forest land rights and bearer plants are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs and expenses which are directly related to forest land rights and bearer plants before the production period.

Amortisation is calculated by reference to cost on a straight-line basis over the estimated remaining productive life of the bearer plants or over the remaining period of the forest reserve land concession, whichever is shorter (the productive life of bearer plants (palm trees) is generally 25 years).

Amortisation is included in determining income.

No amortisation is provided on cost of palm plantation not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are recognised as expenses in profit or loss.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.10 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years

4.11 Biological assets

The subsidiary's biological assets are palm fruit on tree and palm nursery for sale, and agricultural produce is palm fresh fruit brunch.

The fair value of palm fruit on tree is determined based on discounted cash flows reference to price of palm fruit at the front of the factory less estimated point of harvest costs. The palm fresh fruit brunch is determined by reference to price of palm fruit at the front of the factory less estimated selling expenses. The fair value of palm nursery for sale is determined by reference to selling price less estimated selling expenses. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at fair value less costs to sell.

The agricultural produce is included in inventories.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.14 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance lease is depreciated over the useful life of the leased asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term.

4.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, forest land rights, bearer plants (cost of palm plantation) or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.17 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

4.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat this severance payment obligation as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Forest land rights and bearer plants and amortisation

In determining amortisation of forest land rights and bearer plants, the management is required to make estimates of the useful lives of forest land rights and bearer plants and to review estimate useful lives when there are any changes.

In addition, the management is required to review the forest land rights and bearer plants for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Biological assets

The subsidiary measures its biological assets - palm fruit on tree at the fair value less costs to sell. Such fair value is calculated using the discounted cash flows reference to fair value less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as prices of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	423	308	Market prices on the contract date
Purchases of goods and services	-	-	519	638	Market prices less fixed margin
Sales of goods and services	-	-	1	-	Market price
Dividend income	-	-	85	34	At the declared rate
Rental income	-	-	2	2	Market price
Selling and administrative service income	-	-	49	64	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	177	168	-	-	Price approximates market price
Purchases of goods	6	5	3	2	Price less marketing expenses and margin
Selling expenses	20	16	-	-	Actual charge and charge at 4% - 27% of sale (2017: charge at 4% - 15% of sale)
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	15	4	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties
Dividend income	3	1	-	-	As declared by joint venture

As at 31 December 2018 and 2017, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	20,829	17,016
Associated company	452	452	-	-
Related companies (related by common shareholders)	53,607	64,956	-	51
Total trade and other receivables - related parties	54,059	65,408	20,829	17,067
Less: Allowance for doubtful accounts	(20,780)	(20,780)	-	-
Total trade and other receivables - related parties - net	<u>33,279</u>	<u>44,628</u>	<u>20,829</u>	<u>17,067</u>
<u>Short-term loans to related parties</u>				
Associated company	40,286	40,286	-	-
Related companies (related by common shareholders)	5,325	5,325	-	-
Total short-term loans - related parties	45,611	45,611	-	-
Less: Allowance for doubtful accounts	(45,611)	(45,611)	-	-
Total short-term loans to related parties - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Trade and other payables - related parties</u> (Note 21)				
Subsidiaries	-	-	86,708	145,286
Related companies (related by common shareholders)	4,093	6,901	-	-
Total trade and other payables - related parties	<u>4,093</u>	<u>6,901</u>	<u>86,708</u>	<u>145,286</u>

Short-term loans to related parties

Short-term loans to associated and related companies of a subsidiary carry interest at a rate of 7% per annum and are repayable on demand. Recognition of interest on these loans as income on an accrual basis has been ceased from the date that the Central Bankruptcy Court accepted the bankruptcy suits which the subsidiary brought against the associated and related companies. Currently, this case is in the state of the Legal Execution Department.

Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited (“UFC”), a subsidiary, entered into a memorandum related to the agency agreement dated 27 February 2006 whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry. The contract expired on 31 December 2016. The Company and UFC agreed to extend the agreement for another 5 years, starting from 1 January 2017 and expiring on 31 December 2021.

Directors and management’s remuneration

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 145 million and Baht 156 million, respectively (the Company only: Baht 88 million and Baht 91 million, respectively).

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	2,321	4,181	895	1,227
Bank deposits	195,061	379,982	122,238	142,762
Investment in Bank of Thailand bonds	-	29,980	-	-
Total	<u>197,382</u>	<u>414,143</u>	<u>123,133</u>	<u>143,989</u>

As at 31 December 2018, bank deposits in savings accounts and investment in Bank of Thailand bonds carried interests between 0.05 and 0.50 percent per annum (2017: between 0.05 and 1.13 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	30,484	28,638	8	130
Past due				
Up to 3 months	2,789	15,988	-	-
6 - 12 months	5	-	-	-
Over 12 months	452	452	-	-
Total	33,730	45,078	8	130
Less: Allowance for doubtful accounts	(452)	(452)	-	-
Total trade receivables - related parties - net	33,278	44,626	8	130
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	24,219	43,327	24,219	43,328
Cheque returned	18,667	19,468	13,704	14,505
Not yet due	635,354	748,338	546,836	657,539
Past due				
Up to 3 months	165,679	257,636	138,606	235,168
3 - 6 months	1,162	6,364	1,004	152
6 - 12 months	333	1,122	256	360
Over 12 months	29,487	29,042	3,655	3,797
Total	874,901	1,105,297	728,280	954,849
Less: Allowance for doubtful accounts	(47,774)	(47,346)	(16,308)	(16,466)
Total trade receivables - unrelated parties - net	827,127	1,057,951	711,972	938,383
Total trade receivables - net	860,405	1,102,577	711,980	938,513
<u>Other receivables</u>				
Other receivables - related parties	1	2	3,366	1,622
Other receivables - unrelated parties	22,640	3,145	20,128	1,971
Accrued income - related parties	-	-	17,455	15,315
Accrued income - unrelated parties	305	429	-	-
Advances - related parties	20,328	20,328	-	-
Advances - unrelated parties	483	474	-	-
Total	43,757	24,378	40,949	18,908
Less: Allowance for doubtful accounts	(21,790)	(21,657)	(1,462)	(1,328)
Total other receivables - net	21,967	2,721	39,487	17,580
Total trade and other receivables - net	882,372	1,105,298	751,467	956,093

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Finished goods	520,654	540,755	(19,192)	(16,192)	501,462
Work in process	413,049	709,394	-	-	413,049	709,394
Raw materials	50,404	106,722	(6,147)	(12,902)	44,257	93,820
Inventories in transit	5,632	3,756	-	-	5,632	3,756
Supplies and spare parts	119,918	123,786	(5,126)	(2,857)	114,792	120,929
Total	1,109,657	1,484,413	(30,465)	(31,951)	1,079,192	1,452,462

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Finished goods	106,406	113,517	-	-	106,406
Work in process	409,302	706,496	-	-	409,302	706,496
Raw materials	23,765	65,244	-	-	23,765	65,244
Inventories in transit	5,632	3,756	-	-	5,632	3,756
Supplies and spare parts	34,040	33,662	-	-	34,040	33,662
Total	579,145	922,675	-	-	579,145	922,675

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 1.5 million and reduced the amount of inventories recognised as expenses during the year (2017: Baht 15.2 million).

10. Biological assets

Movements of the biological assets account for the year ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2017	53,297	30,250	83,547
Gain from changes in fair value	34,707	234,855	269,562
Increases from cultivate	1,940	-	1,940
Decreases from harvest	-	(247,580)	(247,580)
Decreases from sales	(25,225)	-	(25,225)
Decrease from write-off	(11,628)	-	(11,628)
Balance as at 31 December 2017	53,091	17,525	70,616
Gain from changes in fair value	51,951	228,580	280,531
Increases from cultivate	8,566	-	8,566
Decreases from harvest	-	(196,317)	(196,317)
Decreases from sales	(22,473)	(11,815)	(34,288)
Decrease from write-off	(10,588)	-	(10,588)
Balance as at 31 December 2018	80,547	37,973	118,520

Significant assumptions for the calculation of fair value are as follows:

Prices of palm fruit at the point of harvest are estimated based on the past purchase prices of palm fruit at the front of the subsidiary's factory less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree is estimated with reference to the average weight for each age from historical information when harvesting the palm fruit, taking into consideration the factors affecting fruit bearing and sampling count result.

Discount rate is estimated at the rate of 3 percent by weighted average cost of capital method.

The results of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2018		2017	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	7,391	(7,391)	4,209	(3,899)
Weight of palm fruit on tree	7,391	(7,391)	4,209	(3,899)

11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	22,672	34,007
Universal Food Public Company Limited	525,000	525,000	98.83	98.83	585,623	585,623	62,261	-
Total					1,333,967	1,333,967	84,933	34,007
Less: Allowance for impairment loss of investments					-	(21,096)		
Total investments in subsidiaries - net					1,333,967	1,312,871		

As at 31 December 2018, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 988 million (2017: Baht 1,125 million).

During the year 2018, the Company reversed allowance for diminution in value of investment in the subsidiary of Baht 21 million.

11.2 Goodwill

The Company allocated goodwill acquired through business combinations with indefinite useful lives to the cash generating units (CGUs) for annual impairment testing as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2018		
	United Palm Oil	Universal Food	Total
	Industry Public	Public Company	
	Company Limited	Limited	
Goodwill	84,585	111,791	196,376

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2017		
	United Palm Oil	Universal Food	Total
	Industry Public	Public Company	
	Company Limited	Limited	
Goodwill	84,585	111,791	196,376

The recoverable amount of the CGU - United Palm Oil Industry Public Company Limited has been determined based on fair value less costs of disposal using the market approach, which is measured using the bid price as quoted on the Stock Exchange of Thailand as at the end of the year. The fair value measurement is categorised within Level 1 of the fair value hierarchy.

The recoverable amount of the CGUs - Universal Food Public Company Limited have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements	
	As at	As at
	31 December 2018	31 December 2017
Long-term growth rate	2.0	2.0
Pre-tax discount rates	9.3	9.8

The management determined growth rates based on historical operating results, expected market growth in the industry and the pre-tax discount rate that reflects the risks specific to each CGU.

The management believes that there is no impairment loss for goodwill with indefinite useful lives.

12. Investment in joint venture

12.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements					
Joint venture	Nature of business	Shareholding		Carrying amounts based			
		percentage		Cost		on equity method	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000	38,602	31,594
Total				25,000	25,000	38,602	31,594

12.2 Share of comprehensive income and dividend received

During the years, the subsidiary recognised its share of gain (loss) and other comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
		Share of gain (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Siam Elite Palm Co., Ltd.		9,507	(10,192)	-	183
Total		9,507	(10,192)	-	183

During the year ended 31 December 2018, the subsidiary received dividend from investment in the joint venture of approximately Baht 2.50 million (2017: Baht 0.75 million).

12.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Current assets	47,239	35,475
Non-current assets	36,838	36,934
Total assets	84,077	72,409
Current liabilities	(3,793)	(6,712)
Non-current liabilities	(3,080)	(2,509)
Total liabilities	(6,873)	(9,221)
Net assets	77,204	63,188
Shareholding percentage (%)	50	50
Share of net assets	38,602	31,594
Elimination entries	-	-
Carrying amounts of joint venture based on equity method	38,602	31,594

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	34,947	26,456
Cost of sales	(12,356)	(15,703)
Gain (loss) from change in fair value of biological assets	14,689	(15,695)
Selling and administrative expenses	(18,138)	(15,741)
Income tax expenses	(128)	(65)
Gain (loss) for the year	19,014	(20,748)
Other comprehensive income	-	365
Total comprehensive income	19,014	(20,383)
Shareholding percentage (%)	50	50
Comprehensive income as shareholding percentage	9,507	(10,191)
Elimination entries	-	-
Share of comprehensive income of investment in joint venture	9,507	(10,191)

13. Investment in associated company

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2018	2017	2018	2017
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2018	2017	2018	2017	2018	2017	2018	2017
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements and Separate financial statements	
	2018	2017
Other long-term investments - cost		
<u>Equity securities</u>		
Open-ended Kumlai Perm Poon Fund	-	1,000
Open-ended TCM Equity Fund	-	300
Open-ended Kiatnakin Fund	-	200
Datamat Plc.	16	16
Standard Chartered Bank (Thai) Plc.	2	2
Phracharat Laksammakkee Trang	5	5
Total	23	1,523
Less: Unrealised loss on changes in value of investments	-	(521)
Other long-term investments - fair value	23	1,002

15. Long-term loans to other companies

As at 31 December 2018, a subsidiary had unsecured loans to other companies, amounting to approximately Baht 20.2 million (2017: Baht 21.2 million). The loans carry interest at a rate of THBFIX plus 1% per annum and are due for repayment end of June and December of every year with the last payment in June 2040.

16. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2018					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795	141,950	205,745	5,615	33,973	39,588
Less: Accumulated depreciation	-	(79,123)	(79,123)	-	(33,973)	(33,973)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	<u>58,957</u>	<u>4,072</u>	<u>63,029</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

(Unit: Thousand Baht)

	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	63,795	141,950	205,745	5,615	33,973	39,588
Less: Accumulated depreciation	-	(78,461)	(78,461)	-	(33,973)	(33,973)
Allowance for impairment	(4,838)	(58,755)	(63,593)	-	-	-
Net book value	<u>58,957</u>	<u>4,734</u>	<u>63,691</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	63,691	64,354	5,615	5,618
Depreciation for the year	(662)	(663)	-	(3)
Net book value at end of year	<u>63,029</u>	<u>63,691</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2018 was determined at approximately Baht 24 million (2017: Baht 26 million) using the income approach.

The fair value of land and building of the subsidiary was determined based on valuation performed by an independent professional valuer. As at 31 December 2018, the fair value of the land was determined to be Baht 95 million on the basis of market approach, while that of the building was determined to be Baht 62 million using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental (2017: Baht 95 million and Baht 62 million, respectively).

Key assumptions used in the valuation are summarised below.

	As at 31 December					
	Consolidated		Separate		Result to fair value where as an	
	financial statements		financial statements		increase in assumption value	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Yield rate (%)	-	-	7.5	7.0	Decrease in fair value	Decrease in fair value
Price per square wah (Baht)	160 - 7,200	160 - 7,200	290	290	Increase in fair value	Increase in fair value

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2017	758,965	90,357	1,109,285	2,995,894	117,464	249,839	89,975	5,411,779
Additions	1,005	-	18,543	51,212	9,027	8,328	77,464	165,579
Capitalised interest	-	-	59	210	-	-	422	691
Disposals/write off	-	-	(445)	(65,848)	(1,545)	(21,238)	(80)	(89,156)
Transfer in (transfer out)	-	-	11,159	87,578	93	-	(98,830)	-
31 December 2017	759,970	90,357	1,138,601	3,069,046	125,039	236,929	68,951	5,488,893
Additions	-	-	17,123	38,343	3,344	13,462	47,417	119,689
Capitalised interest	-	-	141	661	-	-	43	845
Disposals/write off	-	-	(1,728)	(82,184)	(770)	(10,886)	-	(95,568)
Transfer in (transfer out)	13,992	-	20,064	41,190	788	7,726	(83,760)	-
31 December 2018	773,962	90,357	1,174,201	3,067,056	128,401	247,231	32,651	5,513,859

(Unit: Thousand Baht)

Consolidated financial statements								
	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2017	-	-	669,002	1,919,928	104,866	205,724	-	2,899,520
Depreciation for the year	-	-	51,855	152,167	4,865	19,555	-	228,442
Depreciation on disposals/write off	-	-	(445)	(43,676)	(1,537)	(20,707)	-	(66,365)
31 December 2017	-	-	720,412	2,028,419	108,194	204,572	-	3,061,597
Depreciation for the year	-	-	51,865	147,176	4,891	15,703	-	219,635
Depreciation on disposals/write off	-	-	(1,719)	(78,371)	(770)	(9,536)	-	(90,396)
31 December 2018	-	-	770,558	2,097,224	112,315	210,739	-	3,190,836
Allowance for impairment								
1 January 2017	14,638	-	-	83,678	159	37	-	98,512
Decrease during the year	-	-	-	(21,716)	-	-	-	(21,716)
31 December 2017	14,638	-	-	61,962	159	37	-	76,796
Increase during the year	5,873	-	-	-	-	-	-	5,873
31 December 2018	20,511	-	-	61,962	159	37	-	82,669
Net book value								
31 December 2017	745,332	90,357	418,189	978,665	16,686	32,320	68,951	2,350,500
31 December 2018	753,451	90,357	403,643	907,870	15,927	36,455	32,651	2,240,354
Depreciation for the year								
2017 (Baht 216.3 million included in manufacturing cost, and the balance in administrative expenses)								228,442
2018 (Baht 208.3 million included in manufacturing cost, and the balance in administrative expenses)								219,635

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2017	25,836	409,984	1,476,476	41,281	50,573	45,555	2,049,705
Additions	-	-	7,402	621	2,702	30,155	40,880
Disposals/write off	-	(445)	(21,278)	(1,270)	(6,585)	-	(29,578)
Transfer in (transfer out)	-	4,972	61,176	93	-	(66,241)	-
31 December 2017	25,836	414,511	1,523,776	40,725	46,690	9,469	2,061,007
Additions	-	91	10,803	431	5,383	15,290	31,998
Disposals/write off	-	(1,123)	(65,416)	(644)	(7,145)	-	(74,328)
Transfer in (transfer out)	-	4,289	12,655	707	-	(17,651)	-
31 December 2018	25,836	417,768	1,481,818	41,219	44,928	7,108	2,018,677

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation							
1 January 2017	-	253,516	850,876	36,990	39,728	-	1,181,110
Depreciation for the year	-	13,597	75,426	1,433	4,788	-	95,244
Depreciation on disposals/write off	-	(445)	(21,040)	(1,266)	(6,501)	-	(29,252)
31 December 2017	-	266,668	905,262	37,157	38,015	-	1,247,102
Depreciation for the year	-	13,969	76,688	1,404	3,507	-	95,568
Depreciation on disposals/write off	-	(1,123)	(62,378)	(644)	(5,863)	-	(70,008)
31 December 2018	-	279,514	919,572	37,917	35,659	-	1,272,662
Allowance for impairment							
1 January 2017	-	-	-	-	-	-	-
Increase during the year	-	-	30	-	-	-	30
31 December 2017	-	-	30	-	-	-	30
31 December 2018	-	-	30	-	-	-	30
Net book value							
31 December 2017	25,836	147,843	618,484	3,568	8,675	9,469	813,875
31 December 2018	25,836	138,254	562,216	3,302	9,269	7,108	745,985
Depreciation for the year							
2017 (Baht 87.7 million included in manufacturing cost, and the balance in administrative expenses)							95,244
2018 (Baht 88.3 million included in manufacturing cost, and the balance in administrative expenses)							95,568

During the year 2018, the subsidiary capitalised borrowing costs amounting to Baht 0.8 million (2017: Baht 0.7 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing costs of the general loans, and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 1.95% - 2.99% per annum (2017: 2.05% - 2.30% per annum).

As at 31 December 2018, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,946 million (2017: Baht 1,845 million) and for the Company amounted to approximately Baht 780 million (2017: Baht 778 million).

As at 31 December 2018, a subsidiary had vehicles with net book value of Baht 1.0 million (2017: Baht 1.5 million) which were acquired under finance lease agreements.

18. Bearer plants

	Consolidated financial statements			(Unit: Thousand Baht)
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total	Separate financial statements Bearer plants ready for harvest
Cost				
1 January 2017	528,438	68,026	596,464	294
Additions	16,821	8,592	25,413	-
Write off	(170)	-	(170)	-
31 December 2017	545,089	76,618	621,707	294
Additions	16,455	-	16,455	-
Transfer in (out)	26,035	(26,035)	-	-
Write off	(1,810)	-	(1,810)	-
31 December 2018	585,769	50,583	636,352	294
Accumulated amortisation				
1 January 2017	381,487	-	381,487	82
Amortisation for the year	9,346	-	9,346	11
Amortisation on write off	(57)	-	(57)	-
31 December 2017	390,776	-	390,776	93
Amortisation for the year	10,473	-	10,473	12
Amortisation on write off	(949)	-	(949)	-
31 December 2018	400,300	-	400,300	105
Allowance for impairment				
31 December 2017	-	-	-	-
Allowance for impairment for the year	22,663	-	22,663	-
31 December 2018	22,663	-	22,663	-
Net book value				
31 December 2017	154,313	76,618	230,931	201
31 December 2018	162,806	50,583	213,389	189
Amortisation for the year (included in manufacturing cost)				
2017			9,346	11
2018			10,473	12

Approximately 13,265 rai of the total area utilised by the subsidiary is with land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

A permit from the Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests had expired in January 2015. The subsidiary has used the land of 13,030 rai for palm oil plantation. The subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under the consideration for the concession extension of such government unit.

However, on 27 April 2015, that subsidiary was granted a permission to gather forest product in the Nation Reserved Forest, and started to pay official royalty fee at the rate of 10% of the market price of oil palm and forest maintenance fee at a rate of double the official royalty fee, when harvesting the planted oil palm crops.

19. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost	64,766	64,877	28,216	28,516
Less: Accumulated amortisation	(56,920)	(54,200)	(23,625)	(22,678)
Allowance for impairment	-	(394)	-	(394)
Net book value	<u>7,846</u>	<u>10,283</u>	<u>4,591</u>	<u>5,444</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	10,283	8,697	5,444	5,365
Acquisitions - cost	283	4,520	94	1,422
Allowance for impairment	-	(394)	-	(394)
Amortisation for the year	(2,720)	(2,540)	(947)	(949)
Net book value at end of year	<u>7,846</u>	<u>10,283</u>	<u>4,591</u>	<u>5,444</u>

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
Short-term loans						
from financial						
institutions	1.85 - 2.25	1.78 - 2.15	450,000	1,480,000	-	570,000
Total			450,000	1,480,000	-	570,000

The short-term loans from financial institutions of the Company and its subsidiaries are unsecured loans.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	330	255	86,634	145,167
Trade payables - unrelated parties	195,525	266,328	132,771	190,627
Other payables - related parties	3,763	6,561	-	-
Other payables - unrelated parties	87,942	97,844	45,986	58,246
Advance received from related parties	-	85	74	119
Other payables for purchases of machinery	6,789	9,143	1,433	3,070
Accrued expenses	110,578	115,149	66,701	75,379
Total trade and other payables	404,927	495,365	333,599	472,608

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Advance income	13,357	28,613	2,409	15,870
Accrued dividend	3,112	3,683	580	591
Others	8,495	8,226	586	389
Total other current liabilities	24,964	40,522	3,575	16,850

23. Long-term loans

(Unit: Million Baht)

Loan facilities	Consolidated		Separate		Interest rate (Percent per annum)	Repayment schedule	Security
	financial statements	financial statements	financial statements	financial statements			
	2018	2017	2018	2017			
<u>The Company and its subsidiary</u>							
1. 245.10	-	96.01	-	96.01	3M BIBOR+1	Repayment in 12 quarterly installments, starting 3 months after the last drawdown	No collateral
2. 100.00	12.50	37.50	-	-	THBFIX	Repayment in 15 quarterly installments, starting September 2015	No collateral
3. 100.00	66.64	-	-	-	THBFIX	Repayment in 24 quarterly installments, starting May 2018	No collateral
4. 100.00	66.67	-	-	-	BIBOR + 0.85%	Repayment in 24 quarterly installments, starting May 2018	No collateral
Total long-term loans	145.81	133.51	-	96.01			
Less: Current portion	(112.54)	(103.00)	-	(78.00)			
Long-term loans - net of current portion	33.27	30.51	-	18.01			

Movement of the long - term loan account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	133,513	96,013
Add: Additional borrowings	200,000	-
Less: Repayment	(187,706)	(96,013)
Balance as at 31 December 2018	<u>145,807</u>	<u>-</u>

The loan agreements contain covenants that, among other things, require the Company and its subsidiary to maintain condition for dividend payments, the proportion of shareholding of the major shareholders and the maintenance of certain financial ratios at the rate prescribed in the agreements.

24. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Liabilities under finance lease agreements	491	1,026
Less: Deferred interest expenses	(17)	(70)
Total	<u>474</u>	<u>956</u>
Less: Portion due within one year	<u>(474)</u>	<u>(573)</u>
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>383</u>

The subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	As at 31 December 2018		
	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	0.5	-	0.5
Deferred interest expenses	-	-	-
Present value of future minimum lease payments	<u>0.5</u>	<u>-</u>	<u>0.5</u>

(Unit: Million Baht)

	As at 31 December 2017		
	Less than		
	1 year	1 - 4 years	Total
Future minimum lease payments	0.7	0.4	1.1
Deferred interest expenses	(0.1)	-	(0.1)
Present value of future minimum lease payments	<u>0.6</u>	<u>0.4</u>	<u>1.0</u>

25. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Defined benefit obligations at beginning of year	129,952	2,386	132,338	55,325	1,152	56,477
Current service cost	10,348	204	10,552	10,366	213	10,579
Interest cost	3,459	50	3,509	3,556	55	3,611
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	17,380	130	17,510
Financial assumptions changes	-	-	-	15,549	187	15,736
Experience adjustments	-	-	-	51,046	1,322	52,368
Benefits paid during the year	(26,968)	(280)	(27,248)	(23,270)	(673)	(23,943)
Provision for long-term employee benefits at end of year	<u>116,791</u>	<u>2,360</u>	<u>119,151</u>	<u>129,952</u>	<u>2,386</u>	<u>132,338</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Defined benefit obligations at beginning of year	68,420	2,386	70,806	23,780	1,152	24,932
Current service cost	5,135	204	5,339	6,562	213	6,775
Interest cost	1,548	50	1,598	1,760	55	1,815
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	7,972	130	8,102
Financial assumptions changes	-	-	-	9,115	187	9,302
Experience adjustments	-	-	-	32,761	1,322	34,083
Benefits paid during the year	(9,451)	(280)	(9,731)	(13,530)	(673)	(14,203)
Provision for long-term employee benefits at end of year	65,652	2,360	68,012	68,420	2,386	70,806

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	10,348	204	10,552	10,366	213	10,579
Interest cost	3,459	50	3,509	3,556	55	3,611
Actuarial loss recognised during the year	-	-	-	-	1,639	1,639
Total expenses recognised in profit or loss	13,807	254	14,061	13,922	1,907	15,829
Line items in profit or loss under which such expenses are included						
Cost of sales			7,317			6,618
Selling and administrative expenses			6,744			9,211

(Unit: Thousand Baht)

Separate financial statements

	2018			2017		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Current service cost	5,135	204	5,339	6,562	213	6,775
Interest cost	1,548	50	1,598	1,760	55	1,815
Actuarial loss recognised during the year	-	-	-	-	1,639	1,639
Total expenses recognised in profit or loss	6,683	254	6,937	8,322	1,907	10,229
Line items in profit or loss under which such expenses are included						
Cost of sales			2,196			3,165
Selling and administrative expenses			4,741			7,064

The Company and its subsidiaries expect to pay Baht 9.1 million of long-term employee benefits during the next year (Separate financial statements: Baht 3.4 million) (2017: Baht 18.8 million, separate financial statements: Baht 11.4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 13 - 19 years (Separate financial statements: 10 years) (2017: 10 - 16 years, separate financial statements: 10 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.50 - 4.80	2.50 - 4.80	2.50	2.50
Salary increase rate	2.0 - 5.0	2.0 - 5.0	5.0	5.0
Staff turnover rate (depending on age)	0 - 50	0 - 50	0 - 40	0 - 40

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

(Unit: Million Baht)

As at 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4.89)	5.66	(1.98)	2.52
Salary increase rate	5.68	(5.41)	2.29	(2.26)
Staff turnover rate	(2.67)	2.89	(0.20)	0.21

(Unit: Million Baht)

As at 31 December 2017

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(5.40)	6.27	(2.11)	2.69
Salary increase rate	5.57	(5.29)	1.74	(1.70)
Staff turnover rate	(5.59)	6.04	(1.90)	2.01

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 33.6 million (The company only: Baht 12.6 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve is fully set aside by the Company.

Statutory reserve of the subsidiaries in the consolidated financial statements are presented in proportion to the Company's interest.

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	4,847,168	6,236,649	3,639,391	4,711,549
Changes in inventories of finished goods and work in process	(316,446)	(37,128)	(304,305)	(21,409)
Salary and wages and other employee benefits	720,917	746,899	272,195	290,129
Depreciation and amortisation	233,489	240,992	96,527	96,207
Promotion expenses	197,622	218,805	114,925	146,835
Transportation expenses	175,927	168,649	105,800	101,485
Repair and maintenance expenses	109,525	38,114	22,030	16,004
Rental expenses from operating lease agreements	47,456	46,144	6,276	5,480
Loss on exchange	121	14,280	121	417

28. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	78,935	72,820	42,129	24,610
Adjustment in respect of income tax expenses of previous year	(222)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	695	(3,851)	541	625
Income tax expenses reported in the statements of comprehensive income	79,408	68,969	42,670	25,235

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to gain or loss on change in value of available-for-sale investments	104	66	104	66
Deferred tax relating to actuarial loss	-	(16,795)	-	(9,970)
Income tax charged directly to other comprehensive income	104	(16,729)	104	(9,904)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>467,731</u>	<u>469,761</u>	<u>382,567</u>	<u>265,684</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	114,126	100,801	76,513	53,137
Adjustment in respect of current income tax of previous year	(222)	-	-	-
Effects of:				
Promotional privileges (Note 29)	(12,566)	(23,070)	(12,566)	(21,467)
Share of gain (loss) from investment in joint venture	(1,901)	2,038	-	-
Non-deductible expenses	1,175	1,342	460	869
Additional expense deductions allowed	(21,972)	(7,443)	(21,601)	(7,304)
Tax loss for the year unrecognised as deferred tax assets	910	-	-	-
Tax loss brought forward which was unrecognised as deferred tax assets and utilised during the year	-	(4,167)	-	-
Others	(142)	(532)	(136)	-
Total	<u>(34,496)</u>	<u>(31,832)</u>	<u>(33,843)</u>	<u>(27,902)</u>
Income tax expenses reported in the statements of comprehensive income	<u>79,408</u>	<u>68,969</u>	<u>42,670</u>	<u>25,235</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	19,022	18,910	3,554	3,559
Allowance for diminution in inventory value	4,777	3,797	-	-
Allowance for impairment loss of investment in associated company	2,400	2,400	-	-
Unrealised loss on changes in value of available-for-sale investments	-	104	-	104
Allowance for asset impairment	8,939	3,287	85	85
Provision for long-term employee benefits	23,885	26,500	13,658	14,194
Provision for land rental	247	202	-	-
Unused tax loss	6,937	-	-	-
Total	66,207	55,200	17,297	17,942
Deferred tax liabilities				
Change in fair value of biological assets	14,992	3,186	-	-
Total	14,992	3,186	-	-
Total deferred tax assets - net	51,215	52,014	17,297	17,942

As at 31 December 2018, the subsidiary had deductible temporary differences and unused tax losses totaling Baht 207 million (2017: Baht 302 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiary amounting to Baht 81 million will gradually expire by 2022.

29. Promotional privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment in respect of manufacture of products as stipulated in the promotion certificates as follows:

The Company

<u>Certificate No.</u>	<u>Operation</u>
2093(2)/2550	Manufacture of pure vegetable oil
59-1529-0-05-1-0	Manufacture of pure vegetable oil

Subsidiaries

<u>Certificate No.</u>	<u>Operation</u>
1043(2)/2548	Manufacture of crude palm oil and palm kernel seed and electricity from biomasses product
2088(2)/2547	Manufacture of fruits and vegetables
2121(2)/2547	Manufacture of fruits and vegetables into products and fermented soybeans
2112(5)/2547	Manufacture of frozen fruits and vegetables
2245(9)/2550	Manufacture of electricity from biogases

The significant privileges include exemption from corporate income tax on income from the promoted operations for a period of eight years, commencing from the date of first earning operating income (except certificate No. 2093(2)/2550, 1043(2)/2548, 2088(2)/2547, 2121(2)/2547 and 2112(5)/2547, which have been exempted from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income, up to a maximum of 100 percent of the amount invested, excluding land and working capital and certificate No. 59-1529-0-05-1-0 which has been exempted from corporate income tax on income from the promoted operations for a period of three years from the date of first earning operating income, up to a maximum of 50 percent of the amount invested, excluding land and working capital).

Revenues, divided between promoted and non-promoted operations, of the Company for the years 2018 and 2017 were as follows:

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales and service income						
Domestic sales and service income	3,180,922	3,557,055	2,096,474	2,700,506	5,277,396	6,257,561
Export sales	51,542	31,597	243,661	164,464	295,203	196,061
Total sales and services	<u>3,232,464</u>	<u>3,588,652</u>	<u>2,340,135</u>	<u>2,864,970</u>	<u>5,572,599</u>	<u>6,453,622</u>

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to equity holders of the Company (Thousand Baht)	381,677	404,106	339,897	240,449
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.47	0.49	0.41	0.29

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have two reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment, which includes the generation of electricity from biogases, the by-products from palm oil manufacturing.
- (2) The manufacture and distribution of processed fruits and vegetables segment

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenues, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Segment				Total		Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables				inter-segment transactions			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from external customers	5,188	6,189	2,112	2,362	7,300	8,551	-	-	7,300	8,551
Intersegment revenues	423	308	519	638	942	946	(942)	(946)	-	-
Interest expenses	(14)	(24)	(9)	(13)	(23)	(37)	-	-	(23)	(37)
Depreciation and amortisation	(161)	(171)	(72)	(70)	(233)	(241)	-	-	(233)	(241)
Income tax expenses	(43)	(23)	(36)	(46)	(79)	(69)	-	-	(79)	(69)
Segment profit	658	629	568	672	1,226	1,301	2	(1)	1,228	1,300
Segment total assets	5,399	6,133	1,463	1,611	6,862	7,744	(1,709)	(1,704)	5,153	6,040
Investment in associates and joint ventures accounted for by the equity method	39	32	-	-	39	32	-	-	39	32
Additions (reduction) to non-current assets other than financial instruments and deferred tax assets	(116)	(131)	(16)	10	(132)	(121)	-	-	(132)	(121)
Segment total liabilities	742	1,692	558	780	1,300	2,472	(108)	(162)	1,192	2,310

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Geographic information

During the year 2018, the Company's and its subsidiaries' sales represent domestic sales of 76 percent (2017: 79 percent) and export sales of 24 percent (2017: 21 percent).

Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major external customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Company, its subsidiaries, and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees, the Company and its subsidiaries contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

The contributions for the year 2018 by the Company and the subsidiaries amounting to Baht 12.2 million (2017: Baht 11.8 million) were recognised as expenses, the Company only: Baht 5.5 million (2017: Baht 5.4 million).

33. Dividends

During the year ended 31 December 2018 and 2017, the Company and its subsidiaries had dividend payments as follows:

	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
<u>The Company</u>			
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	147.60	0.18
Total dividends for the year 2018		147.60	0.18
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	82.00	0.10
Total dividends for the year 2017		82.00	0.10

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>Subsidiaries</u>			
<u>For the year 2018</u>			
Dividend on 2017 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 27 April 2018	32.40	0.10
Total dividends for the year 2018		32.40	0.10
Dividend on 2017 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 26 April 2018	63.00	1.20
Total dividends for the year 2018		63.00	1.20
<u>For the year 2017</u>			
Dividend on 2016 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 26 April 2017	48.60	0.15
Total dividends for the year 2017		48.60	0.15

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments relating to construction of buildings and purchase of machineries, equipment and motor vehicles amounting to Baht 48.3 million (2017: Baht 26.3 million), the Company only: Baht 16.1 million (2017: Baht 0.7 million).

34.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the leases of office building space, equipment and motor vehicles. Operating lease agreements are non-cancelable. The terms of the agreement are generally between 1 year and 5 years.

In addition, a subsidiary has entered into lease agreements in respect of land. The terms of the agreements are 14 and 15 years. The subsidiary is required to comply with conditions stipulated in the contracts.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Payable:		
Within 1 year	34.0	33.0
In over 1 year and up to 5 years	38.4	63.4
In over 5 years	13.0	15.0

34.3 Guarantees

As at 31 December 2018, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performances bonds as required in the normal course of their businesses. These included letters of guarantee amounting to Baht 10.5 million to guarantee import, electricity use, among others (2017: Baht 12.3 million) and for the Company: Baht 1.5 million to guarantee electricity use, among others (2017: Baht 2.3 million).

34.4 Land exploit right

- (1) In 2004, a subsidiary received a letter of invitation from the Agricultural Land Reform Office (ALRO) concerning the issue of land overlapping with ALRO land. On 6 October 2004, the subsidiary attended a fact-finding consultation meeting with the ALRO and handed over various relevant documents for use by ALRO in considering this issue.

On 15 October 2005, the subsidiary submitted related documents to Agricultural Land Reform Office to verify the right over the land.

Consequently, ALRO sent a letter to the subsidiary regarding the distribution of land. The land of 4,994.10 rai had been distributed. However, the subsidiary found that the distribution of the land of about 1,459 rai, with the approximately cost of land and the net book value of the palm plantation development on such land as at 31 December 2018 totally Baht 9 million, was in conflict with the subsidiary's land title deed. The subsidiary is now processing with ALRO to nullify the status of being land under Sor Por Kor.

- (2) On 11 April 2008, the subsidiary met with the working committee responsible for reviewing practical methods and negotiations for distributing land belonging to holders of large plots in land reform areas to farmers, which was set up by the Suratthani Land Reform Commission. The purpose of the meeting was to find a practical solution to the land issue arising as a result of the subsidiary holding land amounting to approximately 1,210 rai in designated forest areas and another 276 rai in land reform areas. These plots of land represent 3 percent of the total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received a notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The subsidiary has already set aside full allowance for impairment loss on the cost of these assets in 2009.

At present, the subsidiary is in the process of negotiating with the relevant government agencies concerning the land in designed forest areas.

34.5 Litigation

In July 2018, Krabi prosecutor filed a lawsuit against United Palm Oil Industry Public Company Limited ("the subsidiary") with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9 and Section 108 Bis of the Land Code B.E. 2497, Revolutionary Council Decree No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor asked the Court to give an eviction order to the subsidiary. Currently, a date for witness examination in this case will be in June 2019.

According to the law-suit, in the case where the subsidiary is ordered by the Court to return the land, the damage which will arise from the cost of land and palm plantation is Baht 28.5 million. The management of the subsidiary has determined the allowance for such damage and has set aside the full amount of allowance in the consolidated financial statements for the current year.

35. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were measured at fair value or for which fair value is disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	81	38	119
Assets for which fair value is disclosed				
Investment properties	-	-	157	157

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	-	1	-	1
Biological assets	-	53	18	71
Assets for which fair value is disclosed				
Investment properties	-	-	157	157

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	988	-	-	988
Investment properties	-	-	24	24

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Equity instruments	-	1	-	1
Assets for which fair value is disclosed				
Investments in subsidiaries	1,125	-	-	1,125
Investment properties	-	-	26	26

36. Financial instruments

36.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, trade and other payables, short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans, short-term and long-term borrowings. Most of the Company's and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities as at 31 December 2018 and 2017 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2018					
	Fixed interest				
	rate within one year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	185	12	197	0.05 - 0.50
Trade and other receivables	-	-	882	882	-
Long-term loans to other companies	-	20	-	20	THBFIX + 1
	-	205	894	1,099	
Financial liabilities					
Short-term loans from financial institutions	270	180	-	450	1.85 - 2.25
Trade and other payables	-	-	405	405	-
Long-term loans	-	146	-	146	THBFIX, BIBOR + 0.85
	270	326	405	1,001	

(Unit: Million Baht)

As at 31 December 2017					
	Fixed interest				
	rate within one year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	30	372	12	414	0.05 - 1.13
Trade and other receivables	-	-	1,105	1,105	-
Long-term loans to other companies	-	21	-	21	THBFIX + 1
	30	393	1,117	1,540	
Financial liabilities					
Short-term loans from financial institutions	970	510	-	1,480	1.78 - 2.15
Trade and other payables	-	-	495	495	-
Liabilities under finance lease agreements	1	-	-	1	7.15
Long-term loans	-	134	-	134	3 M BIBOR + 1, THBFIX
	971	644	495	2,110	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.7	5.8	0.4	0.7	32.4498	32.6809
Euro	0.3	0.2	-	0.1	36.7620	39.0273

Forward exchange contracts outstanding as at 31 December 2018 and 2017 are summarised below.

As at 31 December 2018				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.3	0.2	32.4340 - 32.8000	March - June 2018
Euro	0.1	-	37.6100	Within February 2019

As at 31 December 2018				
Foreign currency	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.1	0.1	32.9860	Within April 2019

As at 31 December 2017				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	1.1	0.5	32.5000 - 32.7500 (Baht per 1 foreign currency unit)	January - June 2018
Euro	0.2	-	38.4500 - 38.9000	March - May 2018

As at 31 December 2017				
Foreign currency	Bought amount		Contractual exchange rate of bought amount	Contractual maturity date
	Consolidated financial statements (Million)	Separate financial statements (Million)		
US dollars	0.7	0.7	33.0300 - 33.0500 (Baht per 1 foreign currency unit)	Within January 2018

36.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

37. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.30:1 (2017: 0.62:1) and the Company's was 0.14:1 (2017: 0.42:1).

38. Events after the reporting period

On 22 February 2019, the meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend in respect of 2018 profit of Baht 0.25 per share, or a total of Baht 205 million.

On 21 February 2019, a meeting of the Board of Directors of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2018 profit of Baht 0.08 per share, or a total of Baht 25.9 million.

On 21 February 2019, a meeting of the Board of Directors of Universal Food Public Company Limited ("the subsidiary") passed a resolution to propose the payment of dividend in respect of 2018 profit of Baht 1.20 per share, or a total of Baht 63 million.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's and the subsidiary's shareholders.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2019.